



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

June 12, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: NATURAL BUILDING MAINTANACE CUSTODIAL CONTRACT

We have completed our follow up review of Natural Building Maintenance (NBM). The review was conducted to verify whether the contractor is complying with all relevant State and federal labor and employment laws and terms of its County contract.

Background

In March 1999, we conducted a review of NBM and reported that the contractor had sub-contracted portions of the work covered by the County contract without the County's prior approval and submitted inaccurate payroll monitoring documents to the County. We also reported that the sub-contractor used by NBM did not pay his employees for all hours worked. The County contracts with NBM that were in effect during March 1999, expired and were not renewed.

NBM currently has a two-year contract, including three one-year renewal options, with Internal Services Department (ISD) to provide custodial services at five County facilities at an annual cost of \$154,038. On April 11, 2000, the Board approved the contract with NBM to provide custodial services on an as-needed basis. Because initially their services were not needed, NBM did not begin providing custodial services to the County under the new contract until June 2001. The contractor is subject to the requirements of the Living Wage Ordinance (LWO).

Summary of Findings

NBM employs two full-time and five part-time employees to service the County facilities covered by the contract. Based on staffing efficiencies, ISD approved the contractor's use of less than full-time staff.

Our review of NBM's payroll documents noted no violations of State or federal labor and employment laws or County contract requirements. NBM custodial workers complete timesheets that document actual hours worked. Based on employee interviews and review of payroll documents, the employees working at facilities covered by the County contract are paid the Living Wage rate of \$9.46 per hour and are appropriately paid for all hours worked.

Additionally, we noted that employees have payroll taxes deducted from their earnings and are paid with payroll checks issued by the NBM, which is an indication that NBM discontinued sub-contracting work covered by its County contract. NBM also provides holiday pay for all employees and sick and vacation pay for full-time employees after one year of employment.

In accordance with the LWO, NBM submits the appropriate monitoring documents to ISD, such as the Payroll Statement of Compliance, that accurately reflect employees' work hours as reported on the employee timesheets. These monitoring documents are reviewed by ISD to ensure that the Contractor continues to comply with the provisions of the LWO.

Conclusion

NBM is complying with all relevant State and federal labor and employment laws and the provisions of its County contract, including the LWO. We did not observe any of the violations noted in our March 1999 report.

If you have any questions, please call me or have your staff call DeWitt Roberts at (213) 974-0301.

JTM:DR:DC

c: David E. Janssen, Chief Administrative Officer
Lloyd W. Pellman, County Counsel
Joan Ouderkirk, Director, Internal Services Department
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee